

TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Jeff Robinson and Shawn Snyder

DATE: May 3, 2010

Monthly General Fund Receipts through April 30, 2010

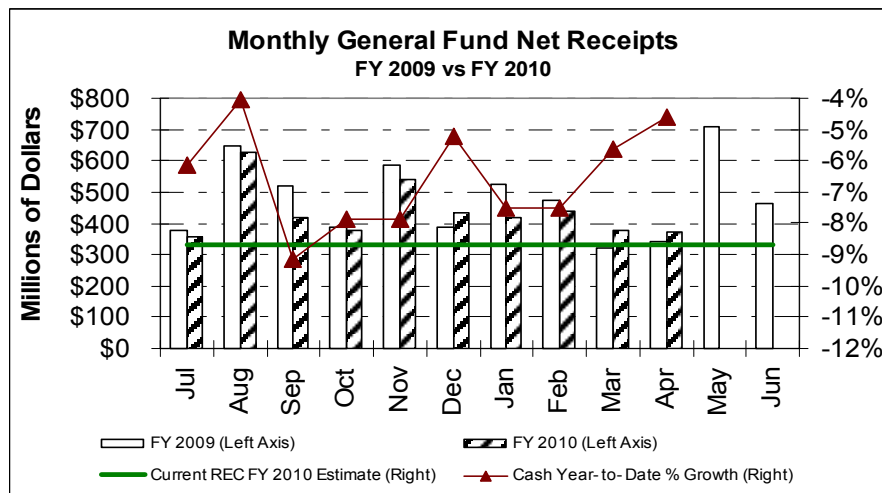
The attached spreadsheet presents FY 2010 General Fund total net receipts with comparable figures for actual FY 2009. The figures can be compared to the FY 2010 estimate of \$5.249 billion set by the Revenue Estimating Conference (REC) on March 11, 2010. The FY 2010 estimate is a decrease of \$500.5 million (- 8.7%) compared to actual FY 2009 total net receipts (numbers and calculations exclude transfer revenue). A date for the next REC meeting has not been set.

Monthly Estimate Comparison - Dollars in Millions						
Most Recent REC Projected Growth for the Year, Excluding Transfers = - 8.71%						
Year-to- Date Ending:	Year-to- Date FY 2009	Year-to- Date FY 2010	Dollar Change	% Change	Year-to-Date Change at REC Estimate for the Entire Year	Year-to-Date Above (Below) Estimated Change
Oct	\$1,929.0	\$1,777.6	-\$151.4	-7.8%	-\$168.0	\$16.6
Nov	2,516.6	2,318.6	-198.0	-7.9%	-219.2	21.2
Dec	2,902.1	2,751.1	-151.0	-5.2%	-252.8	101.8
Jan	3,425.0	3,168.1	-256.9	-7.5%	-298.3	41.4
Feb	3,900.0	3,607.6	-292.4	-7.5%	-339.7	47.3
Mar	4,223.2	3,985.2	-238.0	-5.6%	-367.8	129.8
Apr	4,566.3	4,354.7	-211.6	-4.6%	-397.7	186.1
May	5,272.7				-459.3	
Jun	5,738.9				-499.9	
Year end	5,749.0				-500.5	

FY 2010 Compared to FY 2009

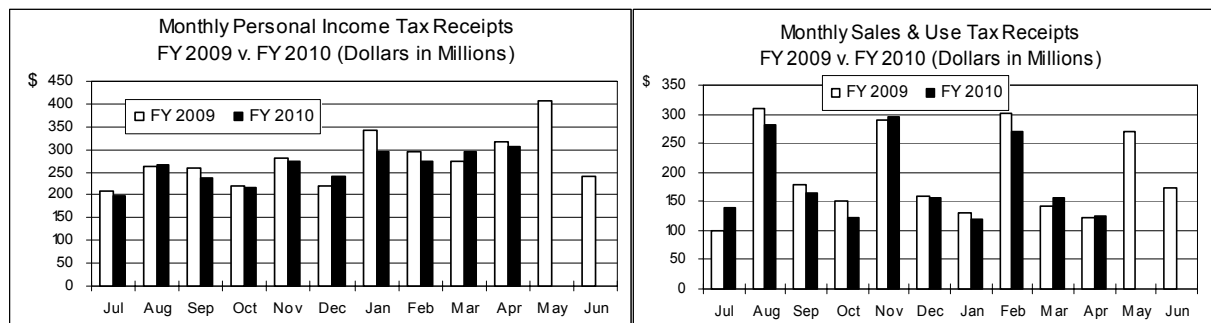
Year-to-date FY 2010 total net receipts (excluding transfers) decreased \$211.6 million (- 4.6%) compared to FY 2009. Major sources and their contribution to the FY 2010 change include:

- Personal income tax (negative \$81.1 million, - 3.0%)
- Sales/use tax (negative \$46.8 million, - 2.5%)
- Corporate tax (negative \$11.6 million, - 3.6%)
- Other taxes (negative \$26.3 million, - 7.4%)
- Other receipts (negative \$15.3 million, - 4.7%)
- Tax refunds not including school infrastructure refunds (negative \$13.2 million)
- School infrastructure sales/use tax refunds (negative \$17.6 million)



Personal Income Tax revenues received in April totaled \$306.8 million, a decrease of \$9.0 million (- 2.8%) compared to April 2009.

The REC estimate for FY 2010 income tax receipts of \$3.138 billion represents a projected change of negative 5.8% compared to actual FY 2009. Through April, total income tax receipts decreased 3.0%. By subcategory, withholding payments increased \$10.3 million (0.5%) year-to-date, estimate payments decreased by \$56.3 million (- 16.8%), and payments with returns decreased \$35.1 million (- 14.6%). The following chart compares FY 2010 monthly income tax receipts from the three personal income tax subcategories with FY 2009.



Sales/Use Tax receipts received in April totaled \$124.4 million, an increase of \$2.7 million (2.2%) compared to April 2009.

The REC estimate for FY 2010 sales/use tax receipts is \$2.240 billion, a decrease of 3.8% compared to actual FY 2009. Through April, total gross sales/use tax receipts have decreased 2.5%. The preceding chart compares FY 2010 monthly sales/use tax receipts with FY 2009.

Corporate Tax receipts received in April totaled \$58.2 million, an increase of \$16.3 million (38.9%) compared to April 2009.

The REC estimate for FY 2010 corporate tax revenue is \$363.2 million, a decrease of 12.8% compared to actual FY 2009. Cash fiscal year-to-date total corporate tax revenue has decreased 3.6%.

Other tax receipts received in April totaled \$31.9 million, an increase of \$2.6 million (8.9%) compared to April 2009. Inheritance, franchise, cigarette, beer, and miscellaneous tax increased for the month.

The REC estimate for FY 2010 other tax revenue is \$424.6 million, a decrease of 6.7% compared to actual FY 2009. Through April, other tax revenue decreased 7.4%.

Other receipts (non-tax receipts) received in April totaled \$37.2 million, a increase of \$7.7 million (26.1%) compared to April 2009. Only institutional payments receipts were down for the month.

The REC estimate for FY 2010 other receipts revenue is \$362.2 million, a decrease of 7.6% compared to actual FY 2009. Cash fiscal year-to-date total other receipts decreased 4.7% through April.

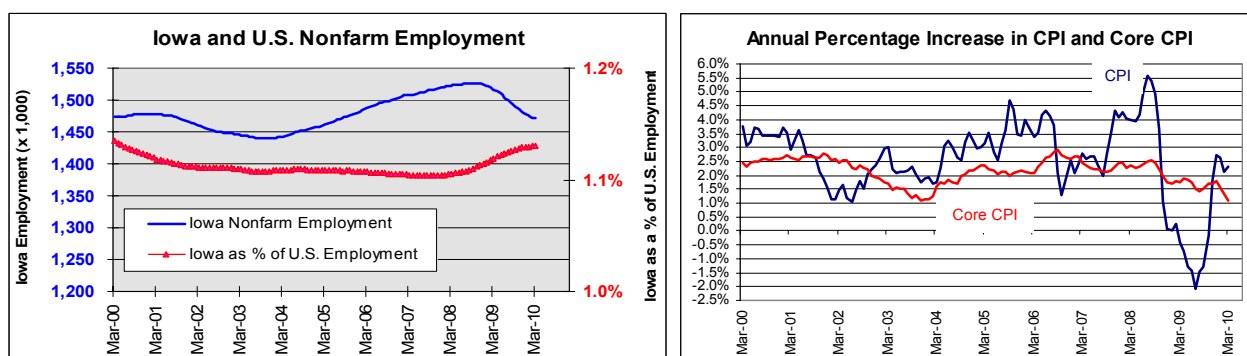
Tax Refunds issued in April totaled \$157.4 million, a decrease of \$0.5 million (- 0.3%) compared to April 2009. The REC estimate for FY 2010 regular tax refunds is \$901.0 million, an increase of 12.1% compared to FY 2009. Cash fiscal year-to-date regular tax refunds have increased 1.9% through April.

In addition to regular tax refunds, school infrastructure refunds totaled \$31.8 million in April, a decrease of \$5.4 million (- 14.5%) compared to April 2009. For the cash fiscal year, school infrastructure refunds have increased 6.1%, mostly due to timing of the refunds.

Status of the Economy

Iowa nonfarm employment was reported at 1,458,000 for the month of March (not seasonally adjusted), 15,000 (- 1.0%) lower than March 2009.

Iowa's 12-month average employment is presented in a graph below. The 12-month average peaked in October 2008 at 1,526,400, 47,700 jobs above January 2001 (12-month peak prior to the last recession). The current 12-month average reading is now 1,471,600 resulting in a decline in the average annual Iowa employment of 54,800 since the October 2008 peak. During the previous recession, the 12-month average declined 38,800 jobs, peak to trough. The employment chart also presents Iowa nonfarm employment as a percent of U.S. nonfarm employment. Iowa's share of U.S. nonfarm employment decreased noticeably from 1999 through 2002. The decline continued at a much slower pace from 2002 through 2007. Iowa's share of U.S. nonfarm employment has been expanding since January 2008, as the rate of economic decline nationally has exceeded the rate of decline in Iowa.



Consumer prices increased in March (not seasonally adjusted). The Consumer Price Index (CPI-U) through March 2010 was 217.6 (1983/84=100). The annual rate of inflation peaked at 5.6% in July 2008 and decreased rapidly in the following months. The annual rate now stands at 2.3%.

Core CPI, an inflation measure excluding food and energy expenditures, increased 0.2% for the month of March and stands at 1.1%, year-over-year. The core inflation rate declined considerably from the early 1990s through January 2004 when the rate bottomed at 1.1%. The core inflation rate accelerated from that point, with most readings between 2.0% and 3.0%. With the onset of the recent recession, the annual core inflation rate has declined and has now been below 2.0% for sixteen consecutive months. For the two components excluded from the core rate, energy prices are up 18.3% year-over-year while food prices are up 0.3%. The food price index turned positive after six consecutive months below 0.0% while energy inflation has been significantly positive for the past five months.

Information related to State General Fund receipts is available on the Fiscal Services Division's website at: <http://www.legis.state.ia.us/receipts/daily.html>

GENERAL FUND RECEIPTS - FY 2009 vs. FY 2010 July 1 through April 30 (in millions of dollars) Dollars may not add due to rounding. Percentages calculated on rounded numbers.					ESTIMATED GENERAL FUND RECEIPTS (in millions of dollars) FY 09 Actual Compared to FY 10 REC Estimate		
	FY 2009	FY 2010	Year to Date % Change	April % Change	Actual FY 2009	Estimate FY 2010	Projected % Change
Personal Income Tax	\$ 2,682.6	\$ 2,601.5	-3.0%	-2.8%	\$ 3,330.7	\$ 3,137.5	-5.8%
Sales/Use Tax	1,883.3	1,836.5	-2.5%	2.2%	2,327.4	2,240.0	-3.8%
Corporate Income Tax	318.0	306.4	-3.6%	38.9%	416.5	363.2	-12.8%
Inheritance Tax	60.9	56.7	-6.9%	32.4%	75.4	68.2	-9.5%
Insurance Premium Tax	57.8	47.6	-17.6%	-100.0%	90.0	84.0	-6.7%
Cigarette Tax	179.4	168.6	-6.0%	8.0%	215.8	201.9	-6.4%
Tobacco Tax	19.8	21.2	7.1%	-11.5%	23.0	24.7	7.4%
Beer Tax	12.1	11.9	-1.7%	0.0%	14.7	14.4	-2.0%
Franchise Tax	25.2	24.3	-3.6%	7.5%	33.7	30.1	-10.7%
Miscellaneous Tax	0.8	-0.6	N/A	N/A	2.4	1.3	-45.8%
Total Special Taxes	\$ 5,239.8	\$ 5,074.3	-3.2%	2.5%	\$ 6,529.6	\$ 6,165.3	-5.6%
Institutional Payments	12.8	12.4	-3.1%	-18.2%	15.5	15.5	0.0%
Liquor Profits	65.6	68.4	4.3%	1.4%	85.5	85.5	0.0%
Interest	14.2	3.8	-73.2%	375.0%	14.6	2.8	-80.8%
Fees	67.1	43.0	-35.9%	18.8%	77.7	40.4	-48.0%
Judicial Revenue	78.9	87.0	10.3%	2.6%	98.8	114.0	15.4%
Miscellaneous Receipts	30.0	32.7	9.0%	188.0%	39.8	38.0	-4.5%
Racing and Gaming Receipts	60.0	66.0	10.0%	0.0%	60.0	66.0	10.0%
TOTAL GROSS RECEIPTS	\$ 5,568.4	\$ 5,387.5	-3.2%	3.8%	\$ 6,921.5	\$ 6,527.5	-5.7%
Accrued Revenue-Net					17.2	-14.2	
Tax Refunds *	-713.4	-726.6	1.9%	-0.3%	-803.9	-901.0	12.1%
School Infrast. Refunds *	-288.7	-306.3	6.1%	-14.5%	-385.8	-363.8	-5.7%
TOTAL NET RECEIPTS	\$ 4,566.3	\$ 4,354.6	-4.6%	7.7%	\$ 5,749.0	\$ 5,248.5	-8.7%
* For FY 2009 and FY 2010 Year-to-Date columns, refunds are listed on a cash basis. For FY 2009 Actual and FY 2010 Estimate, refunds are listed on a fiscal year basis.							